

Mayor Martin J. Chávez

CITY OF ALBUQUERQUE


Albuquerque, New Mexico

Office of the Mayor

INTER-OFFICE MEMORANDUM

August 30, 2004

TO: Michael Cadigan, President, City Council

FROM: Martin J. Chávez, Mayor 

SUBJECT: Approved FY/05 Budget

I am pleased to present the approved budget for the City of Albuquerque, New Mexico, for the Fiscal Year 2005. This two-volume set contains the Financial Plan and the Performance Plan for City operations. These budget documents are the product of exemplary cooperation between Council and the Administration that well served the public interest this year.

Each budget cycle presents its own unique challenges, and this year was certainly no exception. This budget reflects the contributions of the Budget Committee under the leadership of Councilor Debbie O'Malley, City Council and council staff, who worked closely with the Administration from the budget development process to final passage to reach consensus on the items that form this financial plan for FY/05. The budget is balanced and fiscally prudent based on conservatively estimated resources.

Base General Fund recurring revenues, without the Quarter Cent Public Safety Tax, are projected to grow at less than 3% in FY/05, adding \$9.6 million in new revenue above the estimated actual FY/04 level. Double-digit employee insurance premium costs combined with increased risk and workers compensation costs have added over \$6 million in new costs to those incurred in FY/04.

At the same time, the voter's approval of the Quarter Cent Public Safety Tax has added about \$27.6 million in new money, designated specifically for enhancement of public safety services and social services directed to crime prevention and intervention. This new stream of funding will allow us to further increase the size of the forces and better equip police officers and firefighters. The proposed budget reflects the consensus spending plan for the incremental social service dollars developed over the last several months with the

guidance of Councilors Eric Griego and Craig Loy. You will notice that the budget for many departments is a maintenance-of-effort budget, increased only by costs over which the departments have little or no control. By modestly increasing each department's salary savings rate to more accurately reflect the vacancy rate observed in FY/04 and seeking out other cost-saving opportunities, funding has been identified for a number of incremental program efforts and rate increases were avoided in all but one of the City enterprise funds.

Golf established a new single fee schedule in order to raise sufficient funds to cover the cost of golf operations and meet required debt service coverage for new facilities. This year the Joint Water and Sewer Utility was not budgeted by the City of Albuquerque, but rather by the Albuquerque Bernalillo Water Utility Authority (ABWUA). The ABWUA was created by law in the 2003 Regular Session of the New Mexico Legislature and the City has transferred functions, appropriations, money records, equipment and other real and personal property pertaining to the Water/Sewer system to the ABWUA.

After years of planning, we will begin operation of the Bus Rapid Transit demonstration project along Central Avenue between the east side and west side of town. Increased funding for animal services will allow us to implement the majority of the HSUS recommendations, improve humane operations, and focus on increasing the number of live exits of adoptable animals from the City's animal shelters. Funding will allow the City to prepare for our 300th birthday celebration, continue negotiations to acquire a panda at our renowned zoo and add hours at many city libraries. Funding for the second annual Music Festival is also included. Additional funding is provided for the work of the Safe City Strike Force to allow them to address more private properties that have become public nuisances.

Funding for expanded street sweeping to improve the appearance of the City and minimize the harmful impacts of storm sewer effluent on the Rio Grande River is included as well as funding for highway litter control, seven day per week operations at convenience centers and restoration of weekly curbside collection of recyclables.

The budget also includes funding for a number of capital improvement projects coming on line in FY/05. The Erna Fergusson Library, which opened several months ago, is funded for a full year of operations. Additional staff is funded for the Phase I expansion of the Albuquerque Museum, as well as the opening of the Period Farm at the BioPark. Operating funds for the Taylor Ranch Community Center, the LaMesa Child Development Center and the Manzano Mesa Child Development Center are budgeted. As a successful proof of concept ends, this budget funds the relationship management center to provide City information, answers and services, as well as relieve pressure on the 911 call center, through local 311 service in mid-FY/05. This represents a dramatic increase in the quality of municipal services. Additional funds for reclaiming and protecting the ecosystem of Albuquerque's incomparable Bosque is also included in our open space program.

Although employee compensation is subject to negotiation, Council approval and Mayoral signature, the budget contains funding for the City to absorb 83% of the cost of employee health and dental insurance, in addition to increases in base compensation for all permanent City employees. In total \$17 million is provided to support increased insurance costs, a 3.9% increase for APD, open space and aviation police, and a 3.2% increase for all other permanent employees.

As in FY/04, the transfer to storm drainage is suspended as the program has unspent balances of twice the annual transfer level. In addition, \$2 million is set aside to meet computer security and replacement demands for the many employees who continue to work on significantly aged and dated equipment that reduces their potential productivity.

Finally, a General Fund reserve equal to $1/12^{\text{th}}$ of the appropriation level is established, along with a \$1.5 million reserve from the settlement of an IRB in FY/04. In addition, \$1.5 million from the Quarter Cent Public Safety Tax designated for a centralized booking and processing center for MDC is reserved while plans are under consideration to resolve this situation. FY/04 resources were reserved to fund nuisance abatement acquisitions expected to be incurred in FY/05. Another \$600,000 is reserved for the Tricentennial pending approval of a plan. Finally, a \$2 million reserve was established by City Council action.

Close cooperation of the Administration and the City Council during the budget preparation, public hearings and development of the Committee Substitute for the General Fund appropriation legislation has resulted in significant improvements in the alignment of priorities and funding. I want to express my sincere gratitude to the members of the City Council who took time from their demanding schedules to work with the Administration on this budget and their willingness to work toward consensus on the substantive expenditure issues. I believe that through cooperation we create public value for the citizens of Albuquerque. I look forward to continuing this relationship with the City Council.